

Message Text

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FOLLOWING SENT SECSTATE WASHDC INFO BANGKOK VIENTIANE TAIPEI
HONG KONG CHIANG MAI FROM RANGOON 18 JAN 74:

QUOTE LIMITED OFFICIAL USE RANGOON 0172

E.O. 11652: N/A

TAGS: SNAR BM

SUBJECT: NARCOTICS: TRIAL OF LO HSING-HAN

REF: RANGOON 0110

1. SECOND WEEK OF TRIAL OF OPIUM TRAFFICKER LO HSING-HAN SAW THREE SESSIONS, TWO OF WHICH WERE DEVOTED TO TESTIMONY BY LO HSING-MIN, YOUNGER BROTHER OF THE DRUG KING. LO HSING-MIN CONTINUED TO TESTIFY AS PROSECUTION WITNESS, BUT AGAIN APPARENTLY TRIED TO PUT HIS BROTHER IN AS GOOD A LIGHT AS POSSIBLE. HE REVEALED NAMES OF ARMY, CUSTOMS, AND MILITARY INTELLIGENCE SERVICE OFFICERS WHO PROFITED FROM LO'S BRIBERY. WITNESS DESCRIBED SEVERAL LARGE SMUGGLING TRANSACTIONS AND PAYOFFS NECESSARY TO COMPLETE THEM, DEFENDING OPIUM GROWING AND TRAFFICKING AS ESSENTIAL AND LAWFUL AS RICE CULTIVATION IS IN LOWER BURMA.

2. LO HSING-MIN RELATED THAT IN 1968, 9,000 KILOS OF RAW OPIUM WERE BROUGHT TO TACHILEK TO PROVIDE FUNDS FOR PURCHASE OF FIREARMS,
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UNIFORMS, AND MEDICAL SUPPLIES "NEEDED FOR WAGING WAR AGAINST THE

COMMUNISTS". TRUCKS WERE UTILIZED INSTEAD OF MULES AND TRIP ARRANGEMENTS WERE MADE BY MIS OFFICERS. WITNESS ALSO SAID THAT CHEMICALS NECESSARY FOR REFINING OPIUM WERE INCLUDED IN RETURN TRIP.

3. TESTIMONY WAS ALSO PRESENTED BY THREE ARMY OFFICERS WHO HELD SENIOR POSITIONS WHEN LO LED KOKANG KKY AND WHEN LO WENT UNDERGROUND IN DEFIANCE OF GOVERNMENT ORDER TO DISBAND. MOST OF TESTIMONY WAS DEVOTED TO EXPLAINING GOVERNMENT'S URGING OF LO TO DISBAND, HIS REFUSAL TO DO SO AND HIS SUCCESSFUL EFFORTS TO MEET WITH REPRESENTATIVES OF THE LOI MAW KKY (CURRENTLY VERY MUCH INVOLVED IN NARCOTICS TRAFFICKING), "IBMND (TAIWAN) AGENTS", SHAN STATE ARMY, KMT REMNANTS, AND OTHERS AND EMERGE AS HEAD OF ALLIANCE.

4. IN RETURN TO WITNESS STAND LO HSING-MIN AGAIN DESCRIBED SEVERAL OPIUM CARAVANS, PROFITS REALIZED, AND NAMED SEVERAL OFFICIALS WHO EITHER RECEIVED BRIBE PAYMENTS OR TACITLY ALLOWED THE TRAFFICKING. LO'S EFFORTS AT HEROIN REFINING WERE ALSO DESCRIBED, WHILE "AGENTS OF A CERTAIN GOVERNMENT PROPOSED THIS NARCOTIC (HEROIN) COULD BE MADE SUCCESSFULLY IN LAOS AND THAILAND". WITNESS SAID THAT SHORTAGE OF CHEMICALS AND SMALL PROFIT CAUSED LO TO LEAVE HEROIN MAKING TO HSU CHIA-CHU AND YANG SHIH-LI (FORMER UNDER ARREST, LATTER KILLED).

5. LO HSING-MIN ALSO SAID THAT AT TACHILEK-MAE SAI IN NOVEMBER 1972, AT END OF CARAVAN TREK CARRYING NEARLY 29,000 KILOS OF RAW OPIUM, "THEY WERE CONTACTED BY AN AMERICAN ANTI-OPIUM GROUP OF THAILAND BUT THE MEETING BETWEEN WITNESS AND LEADERS OF THE GROUP DID NOT RESULT IN ANYTHING AND THEY (KKY) SOLD THEIR OPIUM AT WHATEVER PRICE THEY COULD OBTAIN". SESSION CLOSED WITH WITNESS DESCRIBING HIS BROTHER'S VIRTUAL NON-INVOLVEMENT IN GEM SMUGGLING: "ONLY WHEN PROBLEMS AROSE DID THEY CONTACT HIM".

6. COMMENT: IT IS SIGNIFICANT THAT CONTROLLED PRESS IS PRINTING NAMES CITED BY LO HSING-MIN OF GUB OFFICIALS ALLEGEDLY INVOLVED WITH HIS BROTHER IN NARCOTICS TRAFFICKING. GUB EVIDENTLY INTENDS TO BEAR DOWN ON THESE OFFICIALS.

7. NEXT SESSION WILL BE HELD JANUARY 23. LACEY UNQUOTE
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